



## Idaho Public Utilities Commission

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*Case No. INT-G-14-01, Order No. 33139*  
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[www.puc.idaho.gov](http://www.puc.idaho.gov)

## Intermountain Gas allowed to recover increased costs

**BOISE (Sept.26, 2014)** – The Idaho Public Utilities Commission is approving an Intermountain Gas Company application to increase rates 2.64% effective Oct. 1 as part of its annual Purchase Gas Cost Adjustment (PGA).

The PGA mechanism is used to adjust rates up or down to reflect changes in Intermountain's costs for buying natural gas from its suppliers and other related expenses that vary from year to year. Money collected in the PGA cannot be used in increase company earnings, shareholder dividends or employee salaries.

Each year on Oct. 1, rates for Intermountain Gas's 331,000 customers in 74 southern Idaho communities go up or down depending on annual changes to wholesale market gas prices, transportation and storage costs.

This is the second year the PGA has been an increase, following five years of decreases.

Residential customers who use natural gas for both space and water heating will see an average increase of \$1.89 per month while those who use natural gas only for space will pay about \$1.40 more per month.

The commission's staff of auditors, analysts and engineers thoroughly reviewed the company's gas purchases and verified that the PGA increase will not change company earnings and that the company's costs were prudently incurred and necessary to serve customers.

Despite increased production from shale reserves in North America, there was an increase in demand for natural gas nationwide due to a rebounding economy and increased use of natural gas for electric generation. Last year's cold weather in the eastern United States put upward pressure on prices and put a significant dent in natural gas storage levels. Also, the company faced increased transportation costs from Williams Northwest Pipeline, the company that owns Intermountain's major transportation pipeline.

To offset the size of this year's PGA, the company passed through to customers a \$3.9 million increase in revenue as a result of providing its pipeline capacity to other wholesale gas

marketers or natural gas companies. It also passed along to customers \$405,411 in revenue earned from selling liquefied natural gas from its above-ground LNG plant near Nampa. The LNG was also used to meet customers' peak-day needs.

Commission staff's investigation confirmed that the company properly hedged against higher prices by purchasing gas when prices were lower and storing it for use later when prices are higher.

The variable portion of gas rates covered by the PGA increases from 37.3 cents per therm to 39.5 cents. The PGA represents a significant portion of the total per therm price paid by customers, about 72.6 cents in the winter and 76 cents in the summer for customers who use natural gas for space and water heating. The amount above the PGA portion includes those fixed costs of serving customers that don't change from year to year as does the PGA.

The commission's order and other documents related to this case are found on the commission's Website at [www.puc.idaho.gov](http://www.puc.idaho.gov). Click on "Open Cases" under the Gas heading and scroll down to Case No. INT-G-14-01.

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